



custom finance
solutions

FINANCIAL REPORT

UNAUDITED RESULTS FOR 9 MONTHS
ENDING 30 SEPTEMBER 2021

Second largest non-bank consumer lender in Latvia*

DELFIN GROUP AT A GLANCE



TOP 1





Largest IPO in Latvia in terms of number of investors



AWARDS

Latvian Corporate Governance Award 2021*

BUSINESS SEGMENTS

-  Consumer loans
-  Pawn loans
-  POS loans
-  Retail of pre-owned goods

90+
branches



38
cities



270+
employees



400,000+
registered customers

last **10 years**
profitable operations

KEY FINANCIALS (2021 9M)

37.1 m€
(+7% Y-o-Y)

Value of issued loans

3.48 m€
(-5% Y-o-Y) **

Profit before tax

38.2 m€
(+12% Y-o-Y)

Net loan portfolio

7.0 m€
(+1% Y-o-Y)

EBITDA

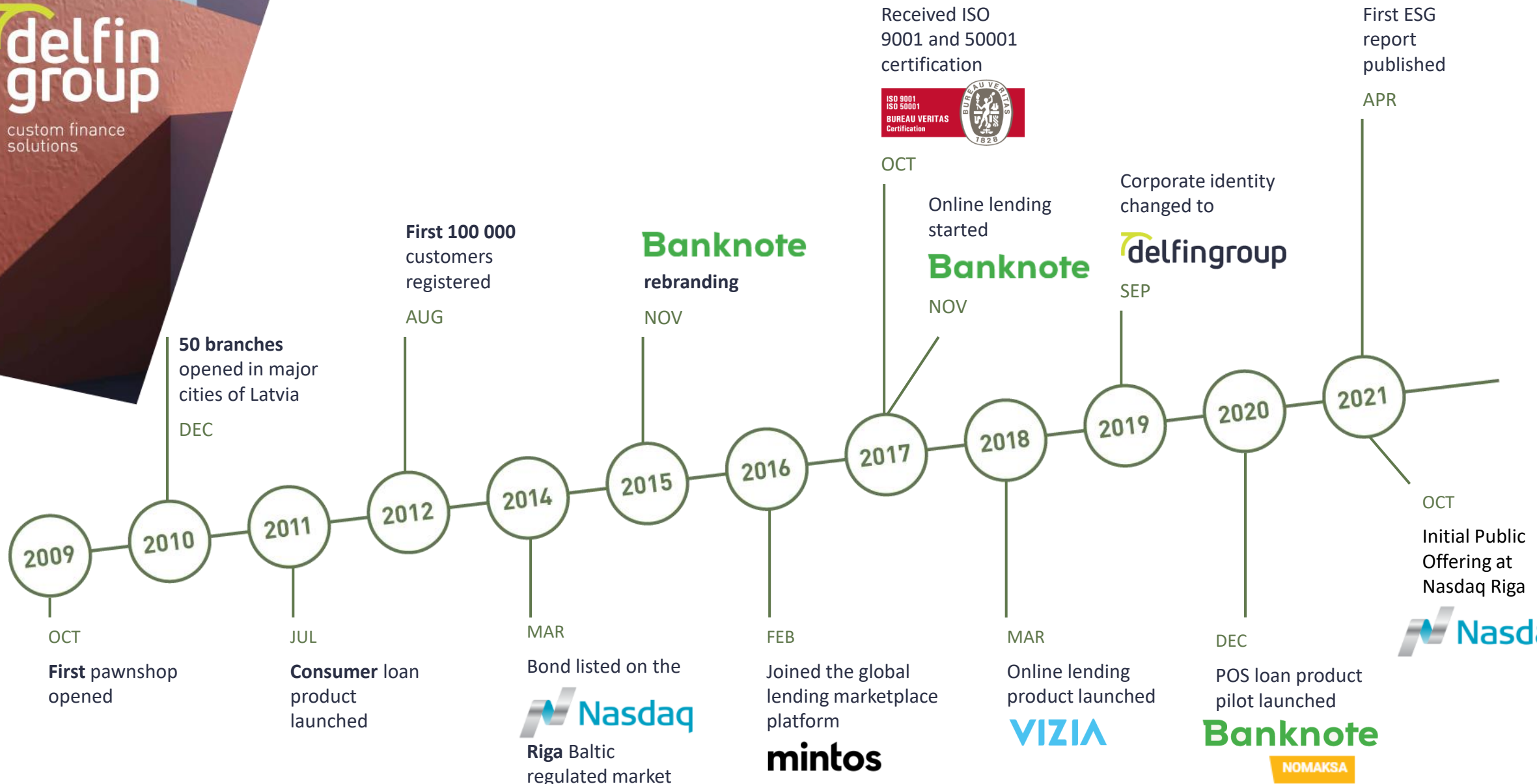
BRANDS:

Banknote

VIZIA

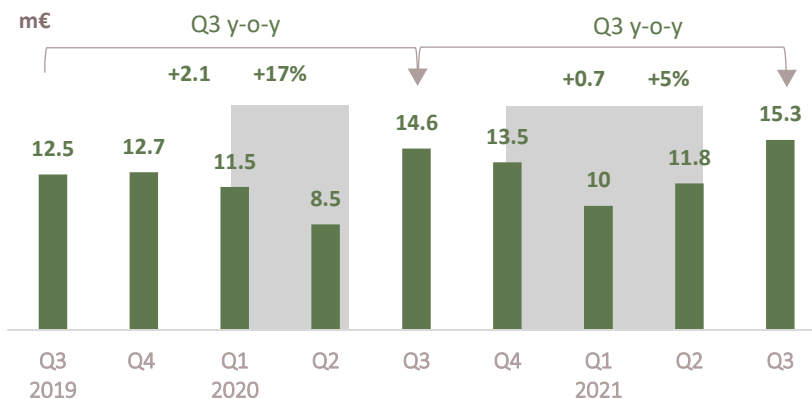
* Forbes Latvia magazine No. 26 (November 2021)

** Decrease in PBT due to reversal of loan loss provisions in Q3 2020 created at the beginning of Covid-19 pandemic

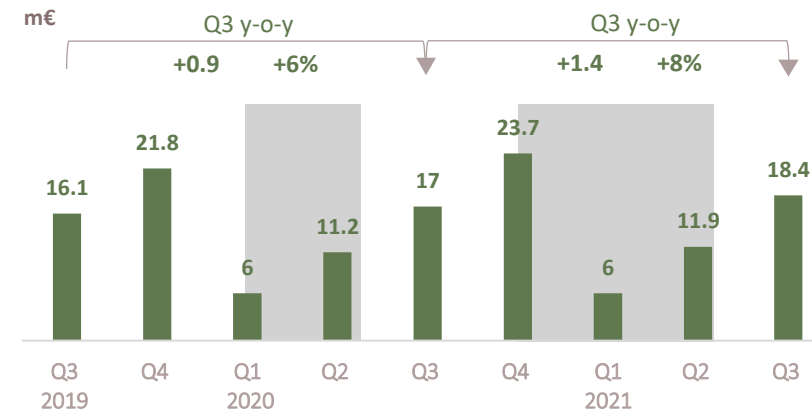


SELECTED FINANCIALS

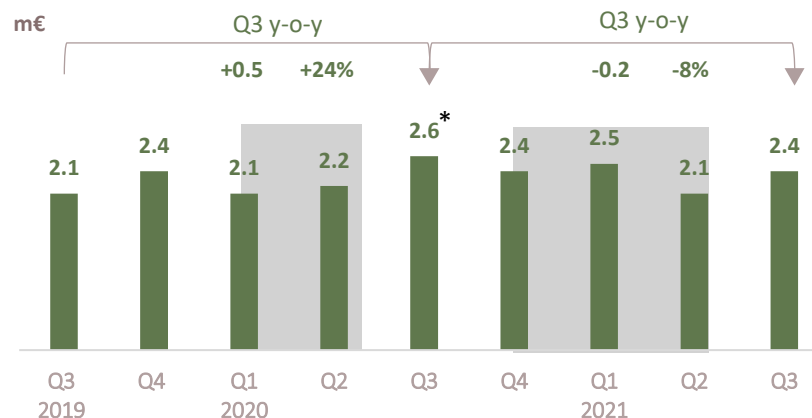
Total loans issued



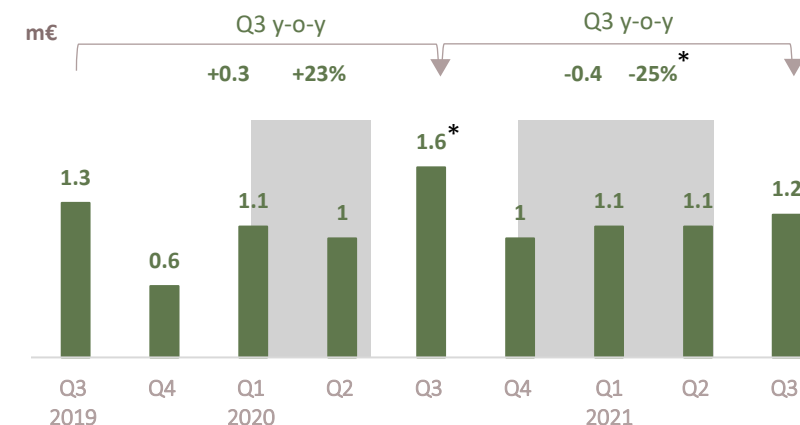
Total revenue, quarterly cumulative



EBITDA



Profit before tax

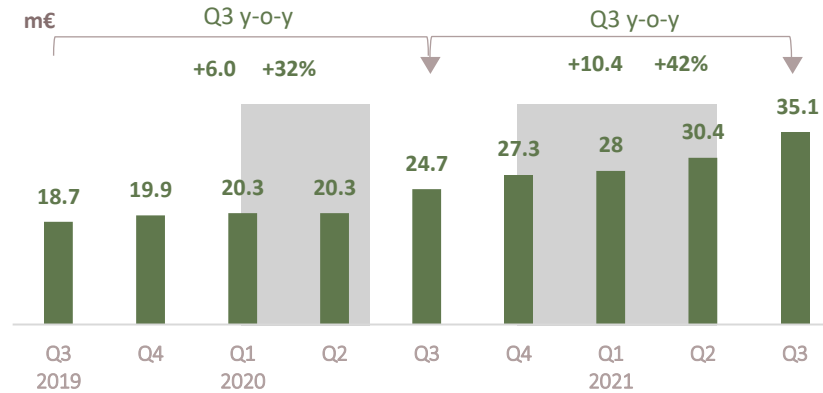


* EBITDA and PBT for Q3 2020 is higher due to a reversal of provisions for doubtful debts created at the beginning of the Covid-19 pandemic

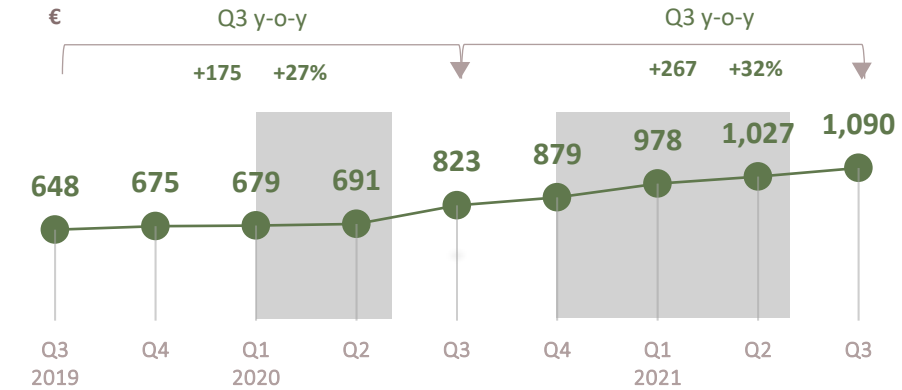
1st and 2nd wave of COVID-19 restrictions in Latvia

CONSUMER LOANS

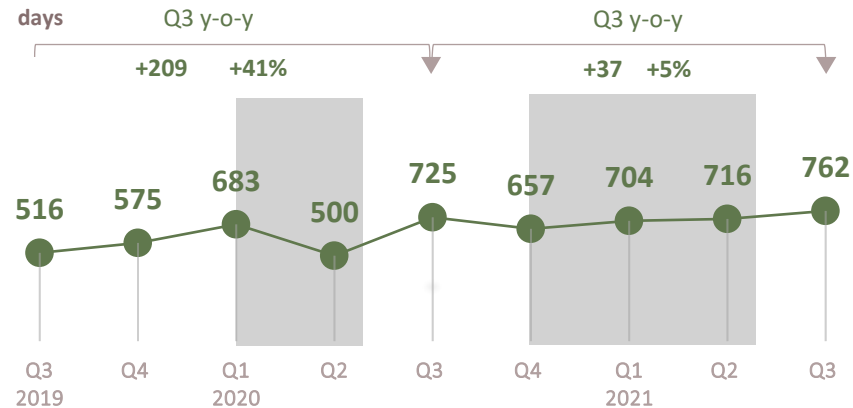
Consumer net loan portfolio



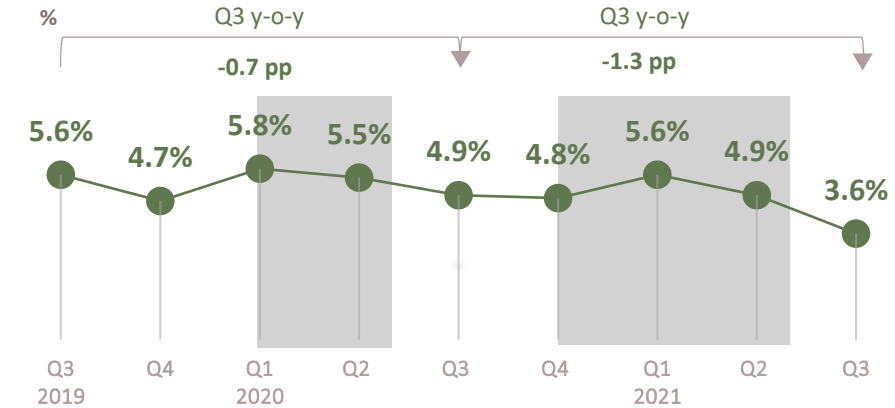
Average loan*



Weighted average term of loans issued



Non-performing loan ratio



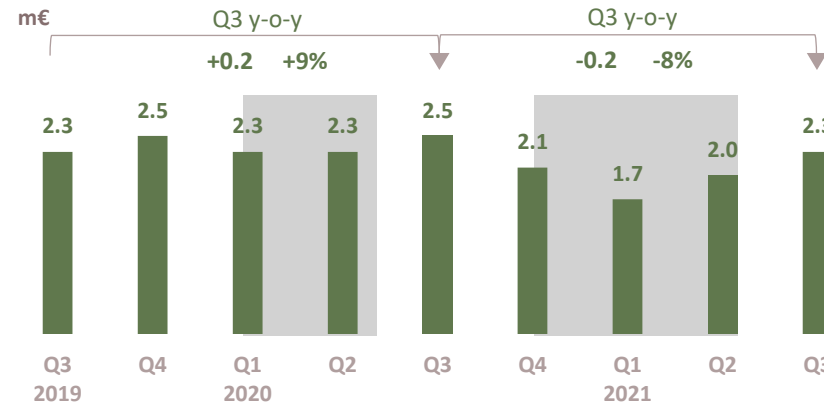
* Average consumer loan balance for one client at the end of period.

1st and 2nd wave of COVID-19 restrictions in Latvia

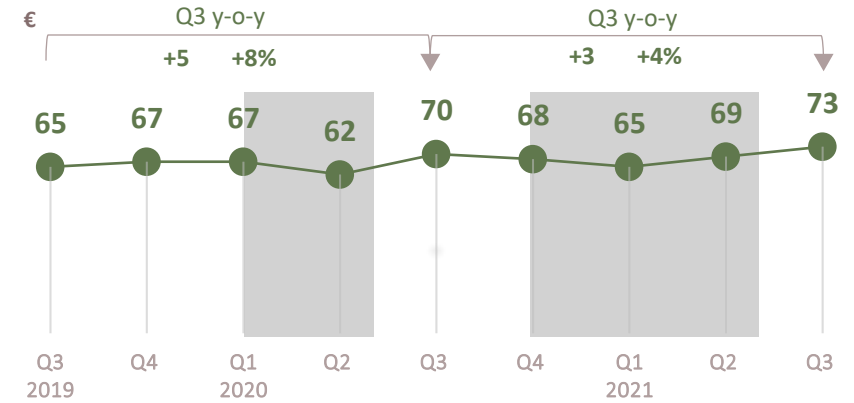


PAWN LOANS

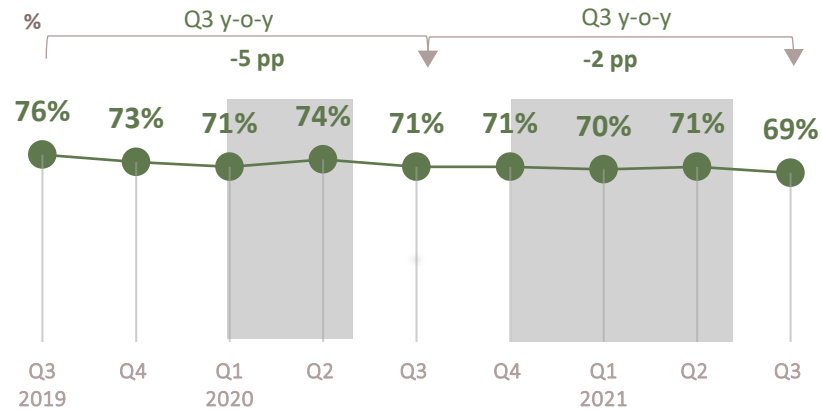
Pawn net loan portfolio



Average loan amount



Redemption rate*

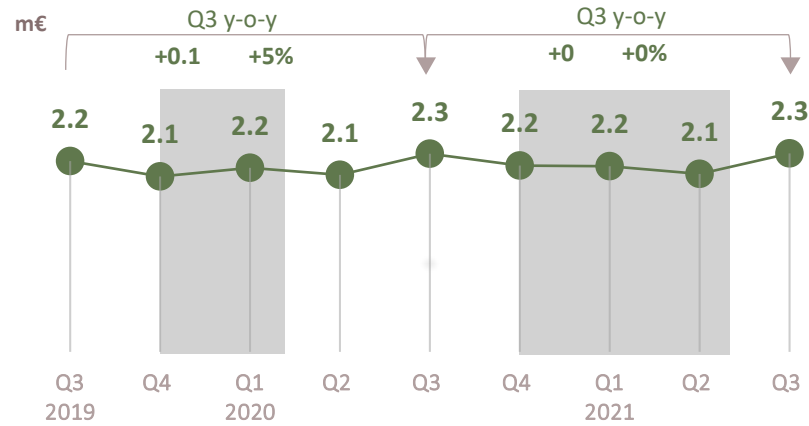


* Items redeemed or extended within 2 months since issuance.

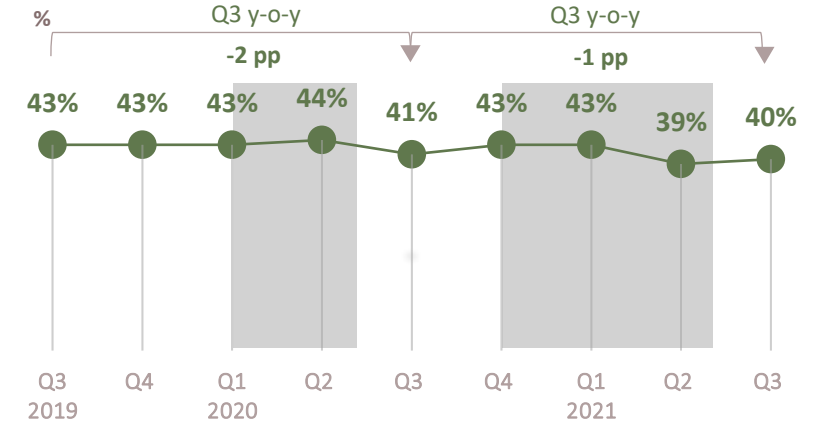
1st and 2nd wave of COVID-19 restrictions in Latvia

RETAIL OF PRE-OWNED GOODS*

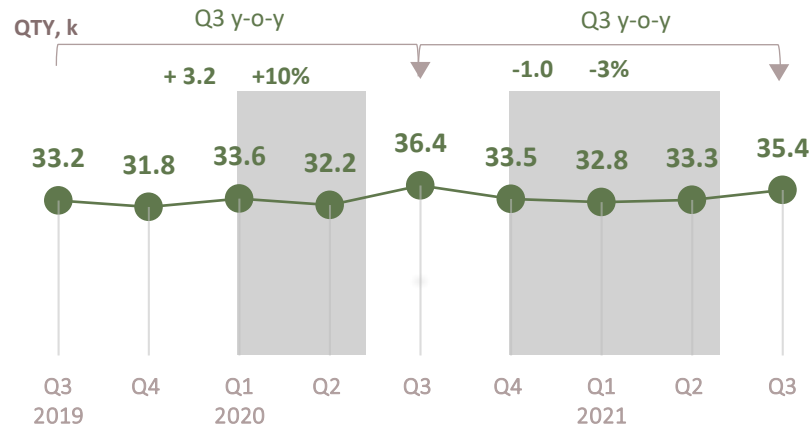
Sales of goods



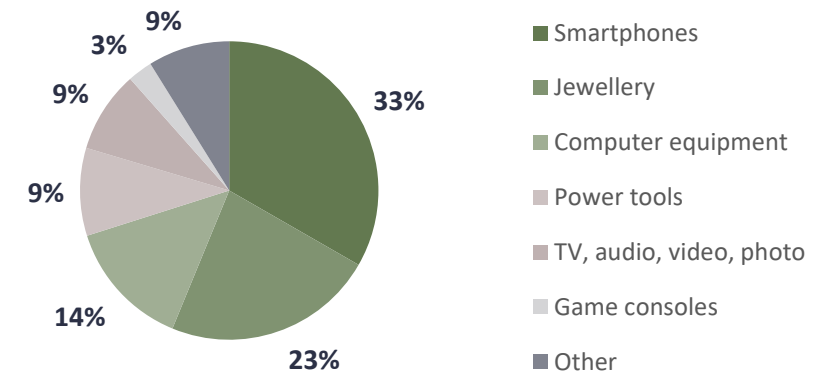
Gross margin



Number of items sold



Sales split by product category (2021 9M)



* Excluding wholesale of precious metals (scrap)

1st and 2nd wave of COVID-19 restrictions in Latvia

Consolidated income statement

INCOME STATEMENT, EUR'000	2021		Change	2020 9M	2021 9M	Change
	Q2	Q3	%			%
Total revenue	5,918	6,463	9%	17,003	18,399	8%
Cost of sales	-1,015	-849	-16%	-3,169	-2,612	-18%
Credit loss expense**	-570	-956	68%	-1,467	-2,240	53%
Interest expenses and similar expenses	-706	-885	25%	-2,517	-2,746	9%
Gross profit	3,627	3,773	4%	9,850	10,801	10%
Selling expenses	-1,443	-1,524	6%	-3,744	-4,292	15%
Administrative expenses	-1,070	-1,051	-2%	-2,496	-3,085	24%
Other operating income	11	29	164%	45	56	24%
Profit before tax	1,125	1,227	9%	3,655	3,480	-5%*
Income tax expense	-299	-201	-33%	-495	-824	66%
Net profit	826	1,026	24%	3,160	2,656	-16%
EBITDA	2,095	2,367	13%	6,924	7,005	1%

* PBT for Q3 2020 is higher due to a reversal of provisions for doubtful debts created at the beginning of the Covid-19 pandemic

** For the purpose of comparison, other operating expenses are reclassified to credit loss expense as major part of other operating expenses are losses from cession of non-performing loans (debt sales).

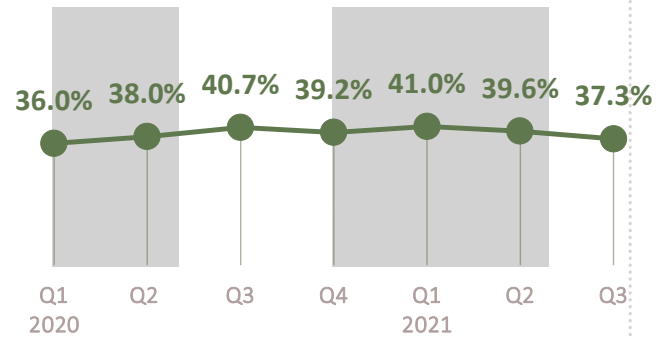
*** Data reflected according to restated comparatives in newest FS's.

Consolidated balance sheet

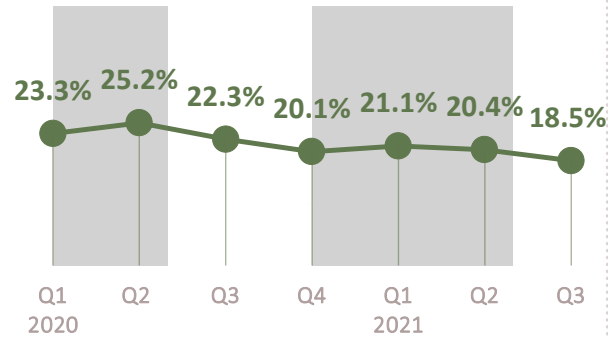
BALANCE SHEET, EUR'000	2020.12.31	2021.09.30	Change
Fixed and intangible assets	836	789	-6%
Loans to related parties	474	-	-100%
Net loan portfolio	34,674	38,183	10%
Inventory and scrap	1,534	1,797	17%
Other assets	655	746	14%
Cash	4,592	2,541	-45%
Right-of-use assets	3,194	3,013	-6%
TOTAL ASSETS	45,959	47,069	2%
EQUITY	9,251	8,696	-6%
Share capital and reserves	4,000	4,000	0%
Retained earnings	1,354	2,040	51%
Profit/loss for the current year	3,897	2,656	-32%
LIABILITIES	36,708	38,373	5%
Interest-bearing debt	31,151	33,290	7%
Trade payables and other liabilities	2,121	1,751	-17%
Lease liabilities for right-of-use assets	3,436	3,332	-3%
TOTAL EQUITY AND LIABILITIES	45,959	47,068	2%

FINANCIAL RATIOS

EBITDA margin*

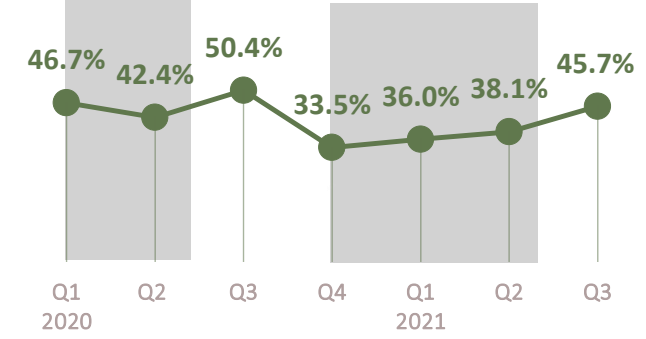


Equity ratio

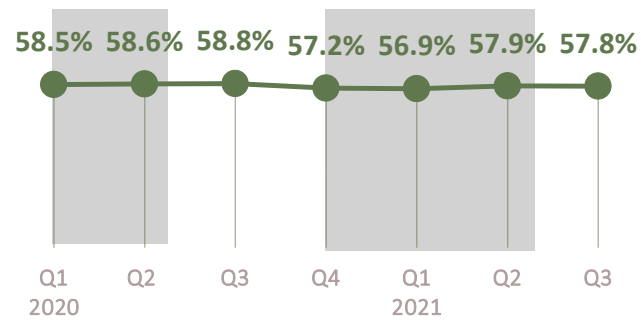


After completion of IPO the equity ratio is over 30% at the end of October 2021

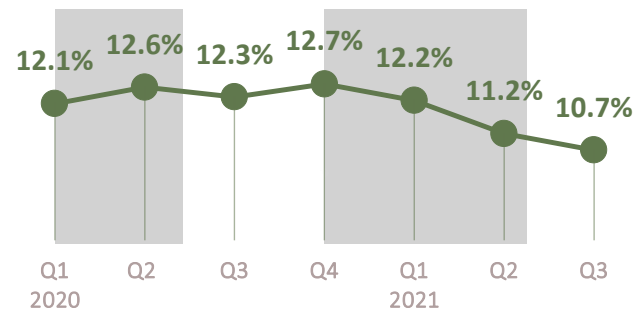
ROE**



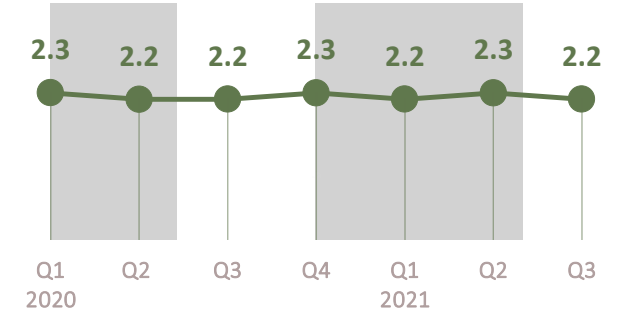
Cost-to-income ratio*



Cost of interest-bearing liabilities



Interest coverage ratio*



* Last 12 months figures
** Annualized

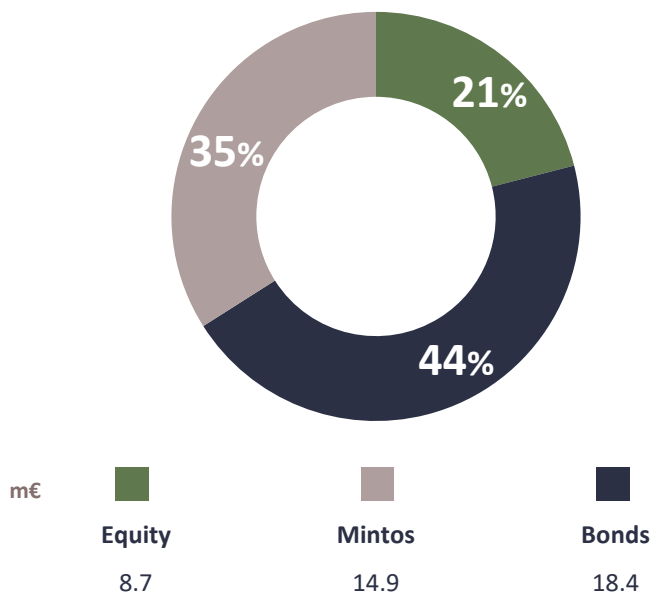
■ 1st and 2nd wave of COVID-19 restrictions in Latvia



Appendix

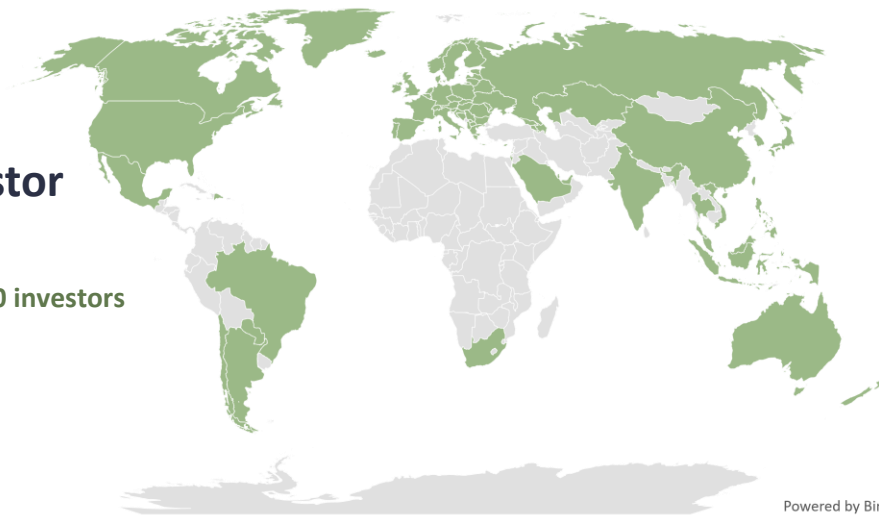
DIVERSIFIED AND SUSTAINABLE CAPITAL STRUCTURE

Capital structure, Q3 2021



Active MINTOS investor map, Q3 2021

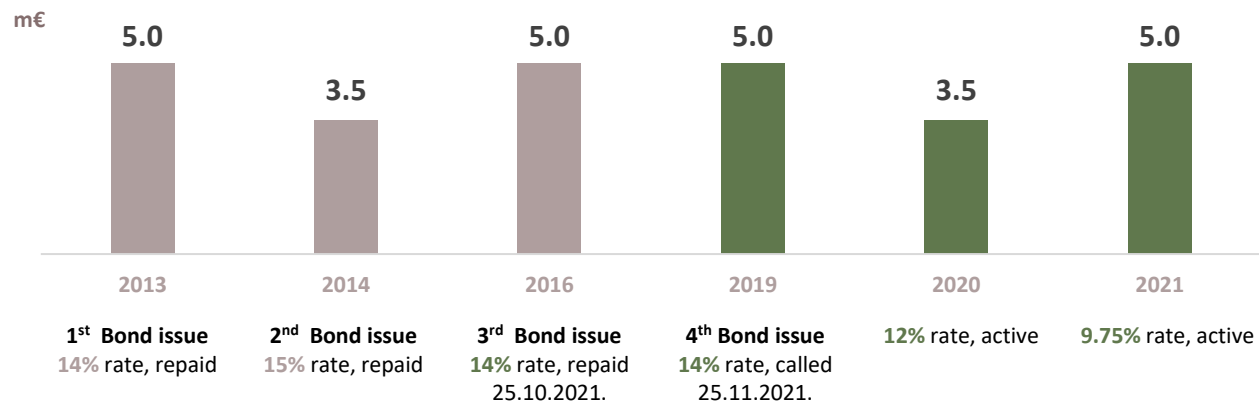
DelfinGroup has more than **70,000** investors in Mintos from **79** countries



mintos

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Bond financing track record



Consolidated income statement

Income Statement, EUR'000	2019*				2020				2021			2020	2021
	Q1	Q2	Q3	Q4	Q1*	Q2*	Q3*	Q4	Q1	Q2	Q3	9M	9M
Total revenue	4,936	5,429	5,951	5,861	6,020	5,195	5,788	6,660	6,018	5,918	6,463	17,003	18,399
Cost of sales	-756	-856	-1009	-982	-1215	-961	-993	-1,055	-748	-1,015	-849	-3,169	-2,612
Credit loss expense**	-408	-643	-695	-893	-725	-439	-303	-937	-714	-570	-956	-1,467	-2,240
Interest expenses and similar expenses	-536	-664	-739	-914	-823	-887	-807	-972	-1,155	-706	-885	-2,517	-2,746
Gross profit	3,236	3,266	3,508	3,072	3,257	2,908	3,685	3,696	3,401	3,627	3,773	9,850	10,801
Selling expenses	-1,185	-1,420	-1,325	-1,496	-1,342	-1,155	-1,247	-1,683	-1,325	-1,443	-1,524	-3,744	-4,292
Administrative expenses	-707	-863	-876	-1,042	-855	-776	-865	-1,044	-964	-1,070	-1,051	-2,496	-3,085
Other operating income	6	52	16	21	4	25	16	28	16	11	29	45	56
Profit before tax	1,350	1,035	1,323	555	1,064	1,002	1,589	997	1,128	1,125	1,227	3,655	3,480
Income tax expense	-338	-2	-3	-7	-26	-7	-462	-259	-324	-299	-201	-495	-824
Net profit	1,012	1,033	1,320	548	1,038	995	1,127	738	804	826	1,026	3,160	2,656
EBITDA	1,915	1,784	2,112	2,376	2,110	2,156	2,658	2,350	2,543	2,095	2,367	6,924	7,005

* Data reflected according to restated comparatives in newest FS's.

** For the purpose of comparison, other operating expenses are reclassified to credit loss expense as major part of other operating expenses are losses from cession of non-performing loans (debt sales).

Consolidated balance sheet

BALANCE SHEET, EUR'000	2019				2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Fixed and intangible assets	652	621	775	691	748	860	927	836	864	818	789
Loans to related parties	1,295	1,389	1,397	1,308	1,376	1,381	376	474	445	-	-
Net loan portfolio	20,761	26,609	29,474	31,547	32,493	32,256	34,040	34,674	32,220	33,265	38,183
Inventory and scrap	1,111	1,173	1,231	1,155	1,224	1,186	1,545	1,534	1,693	1,533	1,797
Other assets	339	256	231	384	503	536	365	655	495	331	746
Cash	2,686	469	1,296	1,136	2,037	1,958	2,434	4,592	1,907	594	2,541
Right-of-use assets*				2,049	1,950	3,056	2,928	3,194	3,281	3,145	3,013
TOTAL ASSETS	26,844	30,517	34,404	38,270	40,331	41,233	42,615	45,959	40,905	39,686	47,069
EQUITY	5,466	6,499	7,819	8,367	9,405	10,401	9,513	9,251	8,639	8,108	8,696
Share capital and reserves	1,500	1,500	1,500	1,500	1,500	1,500	4,000	4,000	4,000	4,000	4,000
Retained earnings	2,954	2,954	2,954	2,954	6,867	6,867	2,354	1,354	3,835	2,478	2,040
Profit/loss for the current year	1,012	2,045	3,365	3,913	1,038	2,034	3,159	3,897	804	1,630	2,656
LIABILITIES	21,378	24,018	26,585	29,903	30,926	30,832	33,102	36,708	32,266	31,578	38,373
Interest-bearing debt	20,023	22,832	25,311	26,438	27,316	25,586	27,575	31,151	26,894	26,360	33,290
Trade payables and other liabilities	1,355	1,186	1,274	1,337	1,596	2,047	2,418	2,121	1,798	1,765	1,751
Lease liabilities for right-of-use assets*				2,128	2,014	3,199	3,109	3,436	3,574	3,453	3,332
TOTAL EQUITY AND LIABILITIES	26,844	30,517	34,404	38,270	40,331	41,233	42,615	45,959	40,905	39,686	47,069

* Adoption of IFRS16.



custom finance solutions

Environmentally responsible workplace

DelfinGroup has received quality and energy management certification under ISO 9001:2015 and ISO 50001:2015s standards

ISO 9001
ISO 50001

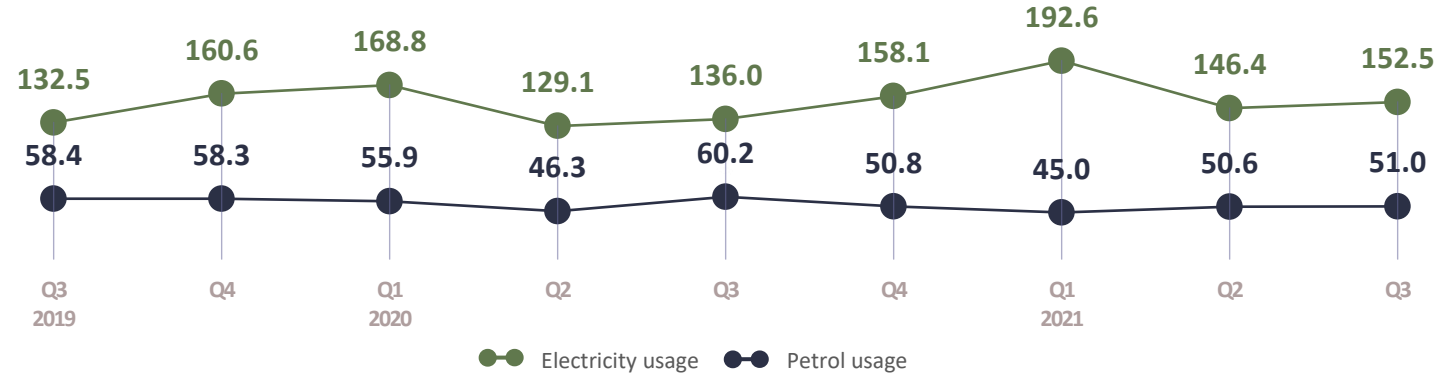
BUREAU VERITAS
Certification



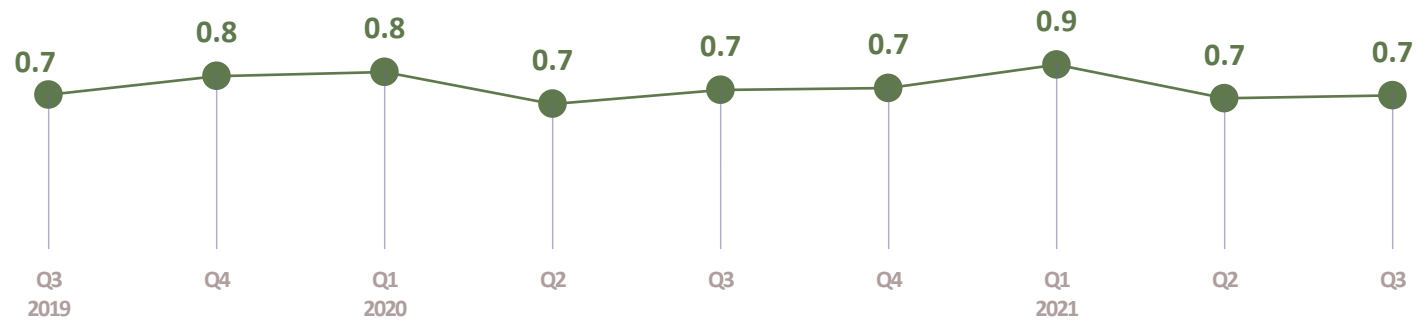
ENVIRONMENTAL SUSTAINABILITY

Electricity and petrol usage

MWh



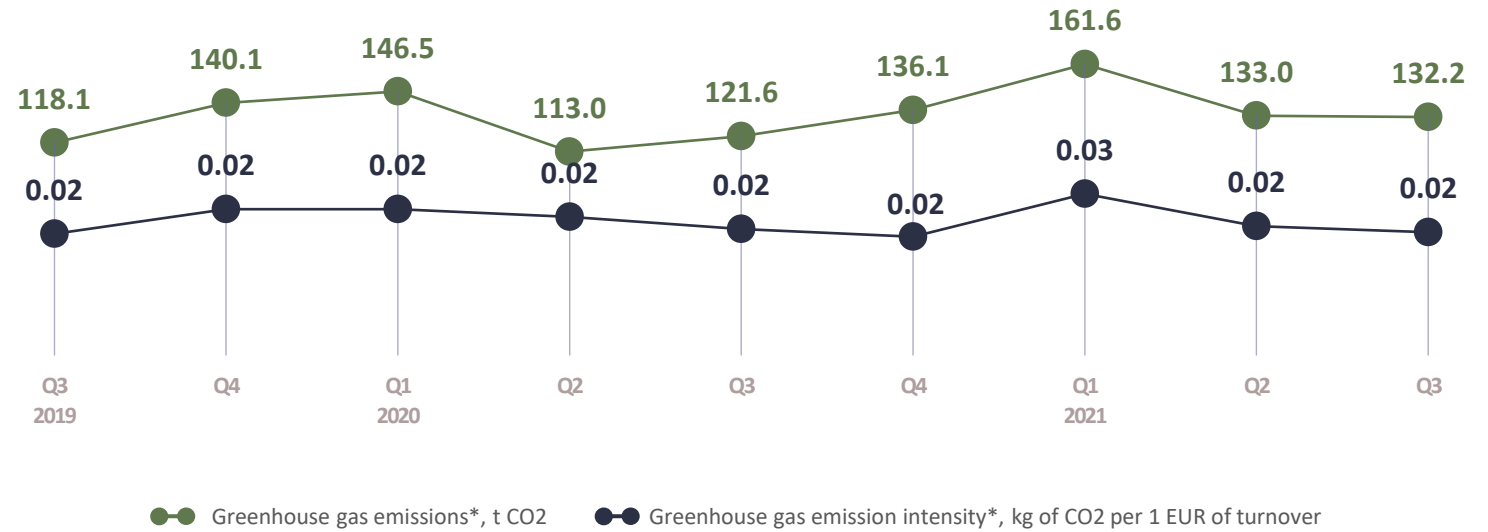
Energy intensity*



* Energy intensity is calculated based on quarterly electricity and petrol consumption per employee

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

Greenhouse gas emissions and emission intensity



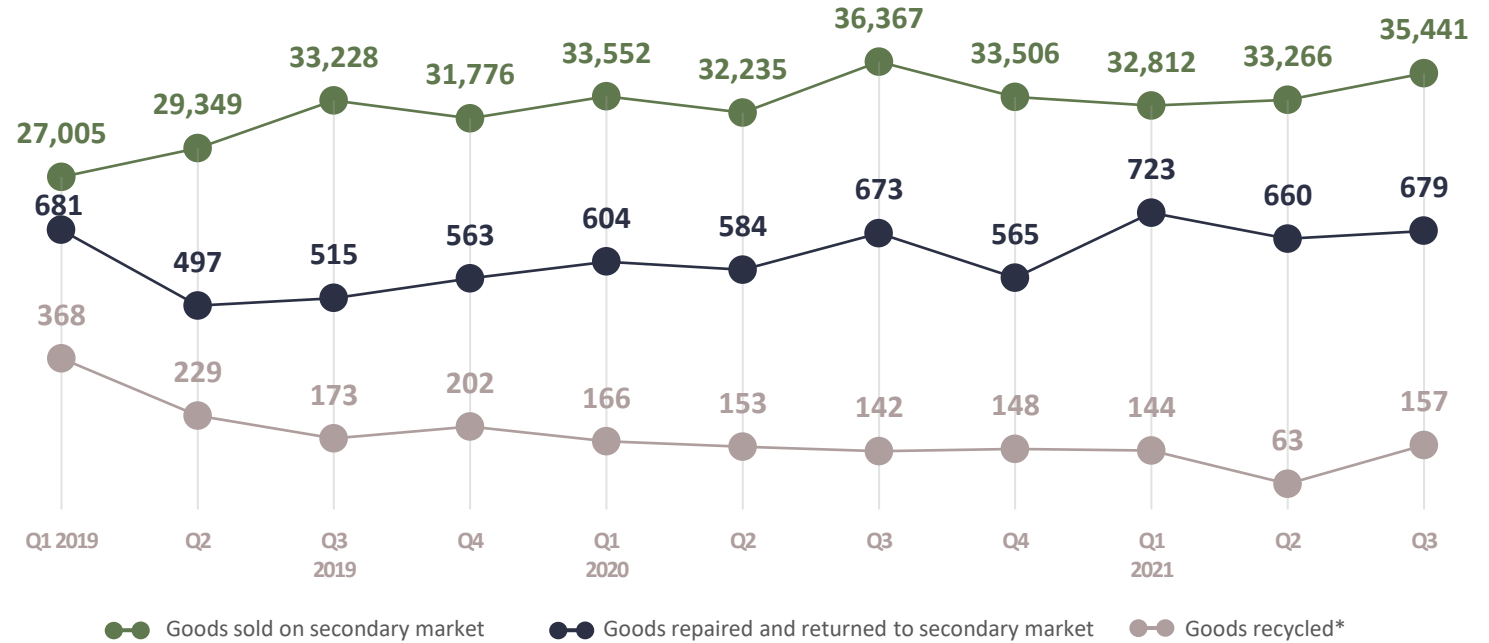
* Greenhouse gas emissions as a result of consumed electricity and petrol

DelfinGroup
promotes efficient
use of resources by
returning pre-
owned goods to
secondary market

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

Pawn shop as part of circular economy

Qty



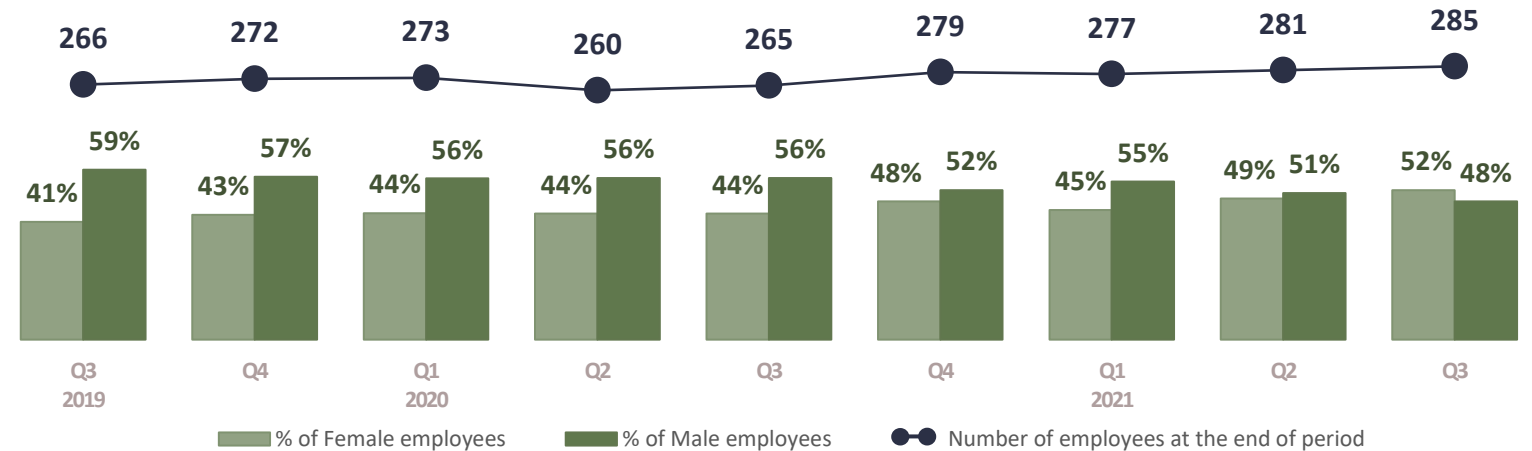
* Goods properly recycled or used as spare parts

Employees

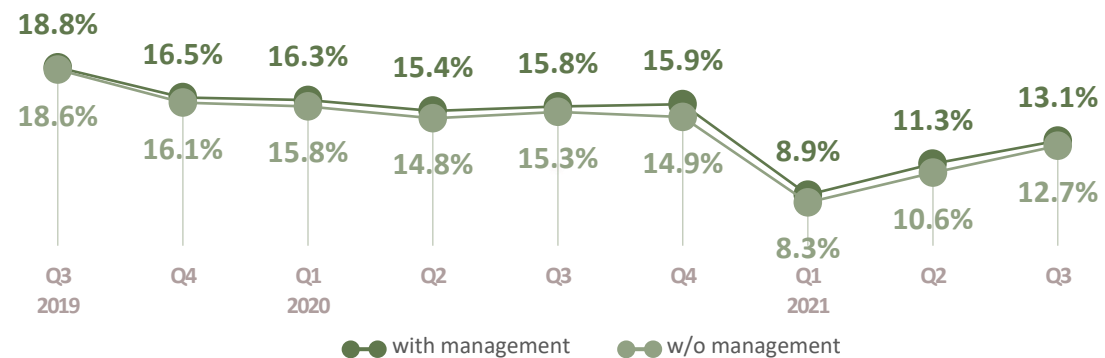
DelfinGroup is committed to be inclusive and supportive workplace. Company's gender pay gap in Q3 2021 is at 13%. According to the Central Statistical Bureau of Latvia the pay gap in financial sector was 35%* in 2020

SOCIAL RESPONSIBILITY

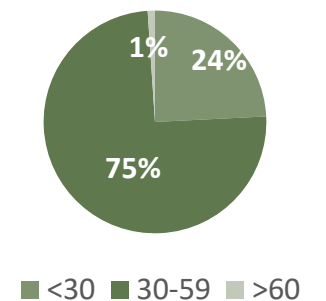
Dynamics of the number of employees and gender diversity



Gender pay gap



Age diversity (Q3 2021)



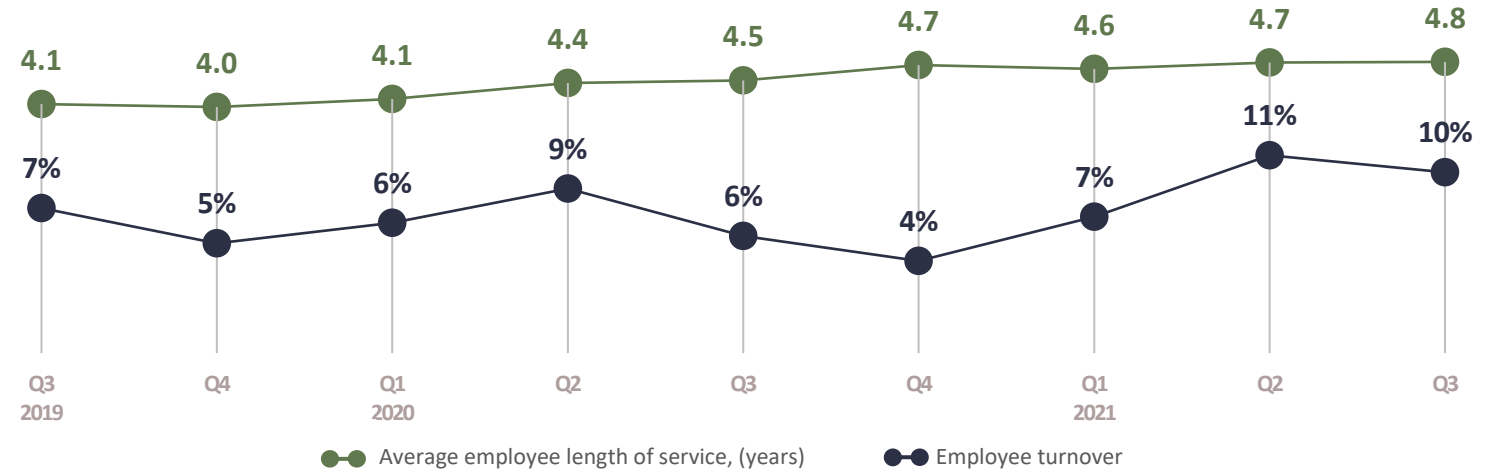
* Source: Gender equality: Employment and Earnings | Official statistics portal

Employees

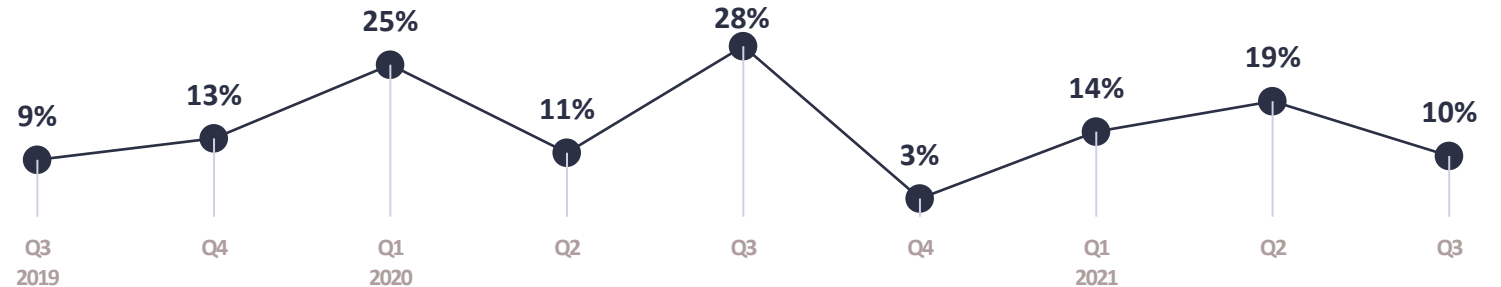
Stable average employee length of service indicates satisfaction among employees

SOCIAL RESPONSIBILITY (CONTINUED)

Employee turnover and average employee length of service



Percentage of employees released during probationary period



Definitions for Alternative Performance Measures*

The goal of alternative performance measures is to provide investors with performance measures that are widely used when making investment decisions and comparing the performance of different companies.

* As stipulated by FCMC Regulations on Alternative Performance Measures

EBITDA

Earnings before interest, taxes, depreciation and amortization = (Profit before tax) + (Interest expenses and similar expenses) + (Rights of used assets depreciation) + (Depreciation of fixed assets) + (Amortization). Used as a measure of corporate performance as it shows earnings before the influence of accounting and financial deductions.

EBITDA Margin

Operating profitability as a percentage of its total revenue, calculated as EBITDA / (Interest income + Gross profit from sale of foreclosed items). Used as a profitability measure that is factoring out the effects of decisions related to financing and accounting.

Interest Coverage Ratio

Profitability and debt ratio, calculated as ((Profit before corporate income tax) + (Interest expenses and similar expenses) / (Interest expenses and similar expenses). Used to determine how easily a company can pay interest on its outstanding debt.

Cost-to-income Ratio

((Sales expenses) + (Administrative expenses) + (Other expenses (excluding Loss from cession (debt sales) of non-performing loans)) / ((Net sales) – (Cost of sales) + (Interest income and similar income) + (Other operating income) – (Interest expenses and similar expenses))

Return on Equity (ROE)

Net profit for the period/months in the period*12 / ((Equity as at start of the period) + (Equity as at period end)) / 2)

Total revenue

Net sales + Interest income and similar income. Represents income generated by Company's business segments.

Interest-Bearing Debt

Liabilities that require the payment of interest, including bonds, other loans, leasing liabilities etc. Interest-Bearing Debt has a priority over other debts.

Cost of interest-bearing liabilities

Weighted average nominal interest rate calculated by amount of interest bearing liabilities as at period end

Equity ratio

Equity/Total assets

Non-performing loan ratio

90+ days overdue portfolio share in total loan portfolio

DISCLAIMER

This presentation is of selective nature and is made to provide an overview of the Company's (AS DelfinGroup and its subsidiaries) business.

Unless stated otherwise, this presentation shows information from consolidated perspective.

Facts and information used in this presentation might be subject to revision in the future. Any forward-looking information may be subject to change as well.

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This presentation does not intend to contain all the information that investors may require in evaluating the Company. Investors should read publicly available information regarding the Company to make an investment decision.



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